

CERTIFIED TRUE COPY

For KAIRA CAN CO. LTD.

Devang R. Mehta

**Devang R. Mehta
Company Secretary**

**40th
Annual Report**
For the year ended 31st March
2003



Kaira Can Company Limited

KAIRA CAN COMPANY LIMITED

Board of Directors	:	Shri Premal N. Kapadia, <i>Chairman</i>
	:	Shri Utsav R. Kapadia, <i>Managing Director</i>
	:	Shri Bharatkumar M. Vyas, <i>(nominee of GCMMF)</i>
	:	Shri Vivek J. Matthai, <i>(nominee of GCMMF)</i>
	:	Shri Nanak G. Sheth
Company Secretary	:	Shri Devang R. Mehta
Bankers	:	Bank of Baroda, Mumbai
	:	HDFC Bank Ltd., Mumbai
Auditors	:	Messrs. C.C.Chokshi & Co., <i>Chartered Accountants</i>
Registered Office	:	Tiecicon House, Dr. E. Moses Road, Mumbai – 400 011. E-mail : kairacan@vsnl.com Website : http://www.kairacan.com

KAIRA CAN COMPANY LIMITED

Registered Office : Tiecicon House, Dr. E.Moses Road, Mumbai - 400 011.

NOTICE

Notice is hereby given that the Fortieth Annual General Meeting of the Shareholders of Kaira Can Company Limited will be held at the Registered Office of the Company, Tiecicon House, Dr. E.Moses Road, Mumbai - 400 011 at 11.00 a.m. on Tuesday, 30th September, 2003 to transact the following business:

1. To consider and adopt the Balance Sheet as at 31st March, 2003, the Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare a Dividend on Equity Shares.
3. To appoint a Director in place of Shri.B.M.Vyas, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors for the current year and to fix their remuneration.

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution.

RESOLVED THAT

- a) Pursuant to the provisions of Section 81(1) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) (the "Act") and the provisions of the Memorandum of Association and the Articles of Association of the Company and in accordance with the Listing Agreement entered into by the Company with the Mumbai Stock Exchange where the Equity Shares of the Company are listed and subject to the approval of Reserve Bank of India (hereinafter referred to as "RBI") and all other appropriate authorities and departments, if and to the extent necessary and subject to such other approvals, permissions and sanctions and consents as may be necessary and further subject to such term(s), condition(s) and modification(s) as may be stipulated or prescribed or imposed by any of them while granting such approvals, permissions, sanctions and consents which may be agreed to by the Board of Directors of the Company and/or by a duly authorised Committee of Directors for the time being exercising the powers conferred by the Board of Directors (hereinafter referred to as the "Board") at its sole discretion, the consent of the Company be and is hereby accorded to the Board to offer, issue and allot 48,600 new Equity Shares (hereinafter termed as "Right Equity Shares") of Rs.10/- (Rupees Ten) each for cash at a premium of Rs. 90/- (Rupees Ninety) per share aggregating to Rs.48,60,000/- (Rupees Forty Eight Lakhs Sixty Thousand only) including over subscription, if any, to the existing members of the Company or to such persons or person, who may or may not be the member(s) of the Company, but may be renouncees, underwriters (if underwritten) and others in whose favour (in full or in part) the rights may be renounced by the respective members, for cash on rights basis, in the ratio of 1 Equity Share for every 18 fully paid up existing Equity Shares (1:18) (ignoring fractional entitlements, if any) held by the members on such Record Date as may be fixed by the Board (the "Record Date") on such terms and conditions and at such time, as the Board may in its absolute discretion think fit.
- b) All Right Equity Shares shall rank, pari passu in all respects with the existing Equity Shares of the Company, save and except that the Right Equity Shares shall rank for and participate in dividend, if any, declared by the Company only in respect of Financial Year ending on 31st March, 2004, on a pro-rata basis and as usual thereafter.
- c) The members, who have been offered Right Equity Shares shall have an option to renounce the same either in whole or in part. The allotment of Right Equity Shares to persons in whose favour such Right Equity Shares have been renounced will be at the absolute discretion of the Board.

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- d) The members holding Equity Shares as on the Record Date shall have right to apply for additional Equity Shares i.e, in excess of the Right Equity Shares offered to them provided they apply for all the Equity Shares offered to them as their right entitlements. Renouncees may also apply for additional Equity Shares provided they apply for all the Equity Shares renounced in their favour. The allotment of such additional Equity Shares will be considered only if there is a surplus available after allotment of all the Equity Shares offered. However, allotment of the additional Equity Shares will be done on an equitable basis and in consultation with the Mumbai Stock Exchange.
- e) If the offer of Right Equity Shares is not so accepted by a member on or before the stipulated date as determined by the Board, it will be deemed to have been declined.
- f) The Board be and is hereby authorised to take such action as it may deem most beneficial to the Company in disposing off all or any of the "Right Equity Shares" remaining unapplied for, including right and authority to offer the same to any person or persons who may or may not be an offeree in the first instance.
- g) The Board be and is hereby authorised to prescribe the form of the Letter of Offer, Form of Application and Renunciation and other documents in respect of the Right Equity Shares issue, to appoint all the intermediaries as it may deem necessary and/or specified by any applicable law, rules or guidelines or regulations, for the time being in force, and to do all such acts, matters, deeds and things as it may, in its absolute discretion, deem necessary and to settle any or all the matters arising with respect to the Right Equity Shares and to the issue, allotment and utilisation of the proceeds of the Right Equity Shares and to finalise and execute all such deeds, documents, agreements and writings as may in its absolute discretion deem necessary or desirable and pay any fees and commission and incur any expenses in relation thereto, as may be necessary in this regard.
- h) The Board be and is hereby also authorised to refix or recalculate the entitlement of the Right Equity Shares in the event the ratio of entitlement as aforesaid is modified or varied by the Mumbai Stock Exchange and/or any other authority as the case may be.
- i) For the purpose of giving effect to the Right Equity Shares issue, the Board be and is hereby authorised to make and accept in the interest of the Company, all such modifications and alterations to the terms and conditions of the Right Equity Shares issue in accordance with the Letter of Offer and subject to the provisions of the Memorandum of Association and Articles of Association of the Company as may be considered necessary or expedient and also to take necessary action to effect such modifications and alterations and to settle all the questions that may arise in regard to the issue of the Right Equity Shares."

NOTES:

- a) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. The proxy form should be lodged with the Company at its Registered Office atleast 48 hours before the meeting.
- b) The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 26th September, 2003 to Tuesday, 30th September, 2003, both days inclusive.
- c) The dividend on Equity Shares as recommended by the Directors for the year ended 31st March, 2003, if approved and declared at the Annual General Meeting will be payable to those members who hold Equity Shares in physical form and whose names stand on the Register of Members of the Company as on 30th September, 2003 and to those members who hold Equity Shares in Demat form and whose name appears on the list of members provided by NSDL and/or CDSL for that purpose.
- d) Members are requested to inform change in their address, if any, immediately to the Company's Registrar and Transfer Agents, M/s. Computech Sharecap Ltd., 147, Mahatma Gandhi Road, Opp. Jehangir Art Gallery, Fort, Mumbai - 400 023, so as to enable the Company to send communications

KAIRA CAN COMPANY LIMITED

to members at their correct addresses. Members are also requested to quote ledger folio number in all communications with the Company or the Registrar.

- e) An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the meeting is annexed hereto.

By Order of the Board of Directors,
For **KAIRA CAN COMPANY LIMITED**

DEVANG R. MEHTA
Company Secretary

Mumbai, Dated: 3rd September, 2003.

ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to the provisions of Section 173(2) of the Companies Act, 1956 in respect of the Special Business.

ITEM NO.5

At the Annual General Meeting held on 28th September, 2001, the members had accorded their approval to embark on commencement of the Food Parlour business in association with Gujarat Co-operative Milk Marketing Federation Ltd. (GCMMF). Accordingly, the company has planned to open food parlours in different parts of Mumbai. Towards partially financing the food parlour in the down-town area of Mumbai, the Board of Directors have in their Board Meeting held on 3rd September, 2003, subject to the approval and consent of members, Mumbai Stock Exchange and other concerned authorities, resolved to offer 48,600 (Forty Eight Thousand Six hundred) Right Equity Shares of Rs. 10/- (Rupees Ten) each for cash at a premium of Rs.90/- (Rupees Ninety) each in the ratio of 1 new Equity Share for every 18 Equity Shares held (1:18). The aggregate size of the proposed Right Equity Shares issue is Rs.48,60,000/- (Rupees Forty Eight Lakhs Sixty Thousand only). The Right Equity Shares will be offered to the members whose name appear on the Register of Members as on the Record Date (fixed by the Board for that specific purpose).

Members approval is now solicited in terms of Section 81(1) of the Companies Act, 1956 for the proposed Right Equity Shares issue at Item No. 5. The resolution is proposed as a Special Resolution.

None of the Directors are interested in the resolution except to the extent of their respective holdings.

Regd. Office :-

Kaira Can Company Ltd.
Tiecicon House,
Dr. E.Moses Road,
Mumbai – 400 011.

By Order of the Board,
For **KAIRA CAN COMPANY LIMITED**

DEVANG R. MEHTA
Company Secretary

Mumbai, Dated : 3rd September, 2003

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FIVE YEAR REVIEW

PARTICULARS		YEAR ENDING MARCH				
		1999	2000	2001	2002	2003
EARNINGS AND DIVIDENDS						
SALES	Rs. in lakhs	9195.69	8903.91	9499.14	11311.78	11450.80
CHANGE IN SALES		(3%)	(3%)	7%	19%	1%
PROFIT SUBJECT TO :	Rs. in lakhs	115.70	157.37	192.82	206.16	176.82
(A) DEPRECIATION	..	29.04	37.27	45.81	65.76	74.01
(B) TAXATION	..	35.00	40.00	51.00	48.44	34.76
NET PROFIT	..	51.66	80.10	96.01	91.96	68.05
EARNINGS TO NET WORTH	Percent	5.62	8.23	9.19	8.94	6.13
EARNINGS PER EQUITY SHARE	Rupees	5.91	9.17	11.05	10.49	7.79
DIVIDEND ON EQUITY SHARES	Per Share	2.50	2.50	2.50	2.50	2.50
FINANCIAL POSITION						
EQUITY SHARE CAPITAL	Rs. in lakhs	87.4	87.4	87.4	87.4	87.4
RESERVE AND SURPLUS	..	832.0	885.4	957.8	940.9	1022.4
SHAREHOLDERS' FUNDS (NET WORTH)	..	919.4	972.8	1045.2	1028.3	1109.8
SECURED LOANS	..	1036.9	835.4	908.1	1119.2	1329.9
UNSECURED LOANS	..	213.9	79.3	92.3	132.1	164.3
DEFERRED TAX LIABILITY	..	—	—	—	110.1	124.7
FUNDS EMPLOYED	..	2170.2	1887.5	2045.6	2389.7	2728.7
FIXED ASSETS (NET BLOCK)	..	694.3	701.9	873.6	1004.3	988.5
INVESTMENTS	..	3.4	3.4	3.4	2.8	3.3
CURRENT ASSETS	..	2764.6	2856.6	3304.9	3706.0	3742.5
LOANS AND ADVANCES	..	2764.6	2856.6	3304.9	3706.0	3742.5
LESS : CURRENT LIABILITIES AND PROVISIONS	..	1292.1	1674.4	2136.3	2323.4	2005.6
NET CURRENT ASSETS	..	1472.5	1182.2	1168.6	1382.6	1736.9
APPLICATION OF FUNDS	..	2170.2	1887.5	2045.6	2389.7	2728.7
BOOK VALUE PER SHARE	Rupees	105.0	111.3	119.6	117.7	127.0
DEBT/EQUITY RATIO		—	—	—	—	—
CAPITAL EXPENSES	Rs. in Lakhs	178.53	137.78	222.9	211.2	91.3
NET CASH FLOW	Rs. in Lakhs	(3.53)	94.47	133.4	102.7	73.1

KAIRA CAN COMPANY LIMITED**DIRECTORS' REPORT****TO THE MEMBERS,**

The Directors present the Fortieth Report and the Audited Statement of Accounts of the Company for the year ended 31st March, 2003.

1. FINANCIAL RESULTS

	31st March, 2003 (Rupees)	31st March, 2002 (Rupees)
Profit before Extra Ordinary item depreciation and tax.	1,76,82,484	2,26,16,215
Extra Ordinary Item (Donations to Gujarat Earthquake Relief Fund)	—	20,00,000
Depreciation	74,01,223	65,75,969
Profit before tax	1,02,81,261	1,40,40,246
Less : Provision for Current Tax	20,18,000	25,00,000
Provision for Deferred Tax	14,58,500	23,43,500
Net profit for the year amounts to	68,04,761	91,96,746
Excess/(Short) provision for taxes in respect of earlier years (Net)	38,04,607	(29,249)
Balance brought forward from previous year	51,06,540	51,23,043
The Disposable profit for the year amounts to which the Directors have decided to appropriate as follows:-	1,57,15,908	1,42,90,540
(a) Proposed Dividend	21,84,000	21,84,000
(b) Tax on Proposed Dividend	2,79,770	—
(c) General Reserve	75,00,000	70,00,000
Leaving the surplus to Profit & Loss Account	57,52,138	51,06,540

2. DIVIDEND

The Directors recommend payment of the following dividend for the year ended 31st March, 2003, which, if approved by the members at the Annual General Meeting to be held on 30th September, 2003, will be paid to those members of the company who holds Equity Shares in physical forms and whose names stand on the Register of Members of the company as on 30th September, 2003, and to those members who hold their Equity Shares in Demat form and whose name appears on the list of members provided by NSDL/CDSL for that purpose.

A dividend @ 25% on 8,73,600 Equity Shares of Rs.10/- each... Rs.21,84,000/-.

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3. OPERATIONS

The Company has achieved marginally higher sales volume of Rs. 11,928 lakhs for the year ended 31st March, 2003 as compared to Rs. 11,823 lakhs for the previous year ended 31st March, 2002.

The growth of metal container industry in general has been stagnant since last few years and your Company is not an exception to this trend as is evident from decline in sales volume by 9% i.e., from Rs. 6,646 lakhs for the year 2001-02 to Rs. 6,085 lakhs for the year 2002-03. This is mainly on account of partial failure of mango crop leading to a drastic volume loss of OTS business coupled with decline in export volume due to severe competition faced by the Company from other can manufacturers and recession in the global economy.

During the year 2002-03, the sale of aerosol cans has risen to Rs. 98 lakhs as against Rs. 7 lakhs during the year 2001-02. Though, there is a tremendous scope in marketing aerosol cans in India, there is heavy influx of imports creating uncertainties for this business.

The profit before depreciation and tax declined by 22% consequent upon escalation in input cost and restraints on product price correction. However, during the current year, the mango crop is expected to be quite favourable and therefore, the prospects for OTS business during the year 2003-04 seems to be reasonably good which may lead to an improved performance.

The sales volume of the Milk & Milk Products Division has increased from Rs.4,561 lakhs for the previous year 2001-02 to Rs. 5,239 lakhs for the year 2002-03, thereby registering a growth of 15%. The Company has taken necessary steps to expand the capacity of milk processing to increase the sales volume of the milk during the current year. With the continued valuable guidance and assistance extended by the Gujarat Co-operative Milk Marketing Federation Limited (GCMMF), our milk division is expected to achieve improved performance during the current year.

Sugar Cone Division is making steady progress. The sales volume (inclusive of job-work) has shown a remarkable increase from Rs. 144 lakhs for the year 2001-02 to Rs. 210 lakhs for the year 2002-03, thereby registering a growth of 46%.

As mentioned in the previous year's report, the Company embarked on to a new food parlour business in association with GCMMF. The first such parlour 'Utterly Delicious' has been in operation at Vashi, Navi Mumbai, since April, 2002. The initial response from the public is reasonably good. The customers have appreciated the décor, menu, service and the quality of food. The Company has future plans of opening another such parlour in the 'down-town' area of Mumbai.

Delhi Metro Railway Corporation (DMRC) has completed its first phase of Delhi Metro Railway Service in February, 2003, covering four railway stations and has constructed a shopping arcade at these railway stations. GCMMF has taken shops at these four stations for selling Amul products and their food items such as ice-cream, softy, pizza, flavoured milk, etc. GCMMF offered an opportunity to your Company to run these shoppes under a franchise agreement and accordingly, the Company has taken over these shoppes from April, 2003. DMRC is likely to add six more stations by end September, 2003 which shall also be run by us under the said franchise agreement. There is always a risk factor attached to a new venture. However, your Company has the necessary management skill and economic savvy to minimise such risk factors. The Company appreciates the valuable guidance and the assistance provided by GCMMF in starting this new line of business.

The Company is hopeful of improving the performance during the current year through economical usage of raw material mix and budgetary control as cost reduction measures together with efficient monitoring of working capital.

KAIRA CAN COMPANY LIMITED**4. EXPORTS**

During the year under review, the Company has achieved export earnings to the tune of Rs.607 lakhs from export of metal containers, printed sheets and components.

5. (a) Total Foreign Exchange earned.

Product exports including deemed exports. Rs. 1040.89 lakhs

(b) Total Foreign Exchange used.

(i) Import of tinplate (main raw material), Stores & Spares. Rs. 1053.53 lakhs

(ii) Commission on exports. Rs. Nil

(iii) Import of Capital Goods Rs. 14.89 lakhs

Rs. 1068.42 lakhs

6. RIGHT ISSUE

As mentioned in the previous year's report, the Company has plans to open food parlours in different parts of Mumbai. Towards partially financing the food parlour in the down-town area of Mumbai, the Board of Directors proposes to offer 48,600 Right Equity Shares of Rs.10/- each for cash at a premium of Rs. 90/- per share aggregating to Rs. 48,60,000/- in the ratio of one new Right Equity Share for every eighteen Equity Shares held by the existing members. The necessary Special Resolution is placed for approval of the members.

7. CONSERVATION OF ENERGY

Process initiated by the Company for conservation of energy has been further intensified during the year under review. Electric motors and drives are regularly overhauled and their performance is closely monitored. Considerable fuel saving has been effected by regular and efficient maintenance of diesel engines of forklifts and power generators. The Company has undertaken various measures in rationalisation of electric power and fuel consumption such as (a) periodic checking and monitoring of electrical loading (b) repairing/replacing of defective motors (c) shutting down of power during interruption in production hours and non-productive hours (d) control system to avoid wastage of electricity energy (e) regular inspection and maintenance of power generating equipments for achieving maximum efficiency (f) introduction of fuel-efficient logic control (g) plugging of oil leakages for improving capacity utilisation. Efforts made by the Company in this direction have yielded considerable benefit in that the amount of energy consumed, in absolute terms, has been lower for the given output. The Company has undertaken the job of changing the present indirect oven for printing, using high speed diesel to a direct oven using LPG. The Company expects to make substantial savings in cost after the changeover is completed. Employees have developed consciousness for energy conservation efforts of the Company and it has yielded results.

8. TECHNOLOGY ABSORPTION

The Company is making continuous efforts in upgrading its manufacturing processes with a view to improving the quality of its products, value added product mix for customer satisfaction, minimising manufacturing wastages and reducing the manufacturing cost and customer satisfaction through better product performance. The efforts are made towards technology absorption, adoption and innovation.

9. PUBLIC DEPOSITS

At the end of the financial year, there were four depositors whose deposits were not claimed by them or for which disposal instructions had also not been received though the repayments had fallen due and the total amount involved in such deposits was Rs.50,000/-. Since then, two deposits amounting to Rs.32,000/- have been refunded and two deposits amounting to Rs.18,000/- still remains unclaimed.

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10. DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Company's Article of Association, Shri B.M. Vyas retires by rotation and, being eligible, offers himself for re-election.

11. DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 217 (2AA) of the Companies Act, 1956 :-

- (i) that in the preparation of the annual accounts for the year ended on 31st March, 2003, the applicable accounting standards have been followed alongwith proper explanation relating to material departures, if any.
- (ii) that such accounting policies as mentioned in Notes to the Financial Statements have been selected and applied consistently and judgements and estimates that are reasonable and prudent made so as to give a fair view of the state of affairs of the Company at the end of the financial year ended on 31st March, 2003, and of the profit of the Company for that year.
- (iii) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) that the annual accounts for the year ended on 31st March, 2003, have been prepared on a going concern basis.

12. PERSONNEL

During the year under review, relations between the employees and the management remained satisfactory at all the Units of the Company.

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, are not given since the remunerations paid to employees during the financial year 2002-2003 were below the limits prescribed by the amended Company (particular of employees) Rules, 1975.

13. COMPLIANCE CERTIFICATE

The Certificate of Compliance issued by M/s. Mehta & Mehta, Company Secretaries in whole time practice is attached herewith in terms of the Companies (Compliance Certificate) Rules, 2001.

14. AUDITORS

The Auditors Messrs. C.C.Chokshi & Co., Chartered Accountants, retire at the end of the ensuing Annual General Meeting and it is proposed that they be re-appointed.

15. ACKNOWLEDGEMENT

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from the Gujarat Co-operative Milk Marketing Federation Limited, Banks, Government Authorities and shareholders during the year under review. Your Directors wish to place on record their deep sense of appreciation for the devoted services of the executives, staff and workers of the Company for its success.

On behalf of the Board of Directors,

PREMAL N. KAPADIA

Chairman

Mumbai, Dated : 3rd September, 2003.